



Agenda Date: 4/26/06  
Agenda Item: 2D

**State of New Jersey**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**[www.bpu.state.nj.us](http://www.bpu.state.nj.us)**

IN THE MATTER OF NATURAL GAS  
CUSTOMER ENROLLMENT ISSUES  
AND PROCEDURES

ENERGY

DECISION AND ORDER

DOCKET NO. GX06010036

(Service List Attached)

BY THE BOARD:

Early in 2006, in the normal course of business, several retail suppliers of natural gas brought four issues related to retail enrollment to Staff's attention. Staff subsequently initiated a series of conference calls to discuss these issues with the industry. The conference calls were noticed through the list server normally used by staff for these types of matters and were open to all interested parties. Participants in the conference calls included the gas distribution companies ("GDCs"<sup>1</sup>), retail suppliers ("TPSs") and ratepayer representatives. This Order addresses the following items discussed on those conference calls.

1. Switching confirmation letters for commercial and industrial ("C&I") customers;
2. Switching restrictions for C & I customers;
3. Switching charges for C & I customers; and
4. The "Price to Compare".

Conference calls were held on December 15, 2005, January 4 and January 12, 2006. As a result of these open discussions with the industry, the participants agreed on several recommendations to deal with the foregoing issues.

Confirmation letters for C&I customers – When a customer changes commodity suppliers, GDCs currently send out a letter to confirm a customer's switching choice. The letters currently indicate that a customer has 14 days to bring any error to the utility's attention. The Board has previously indicated that this requirement is not meant to indicate that C&I customers can abrogate their contractual obligations. (Order dated June 20, 2003, Docket No. EX03030185) Parties agreed that the C&I letter should not reference a 14 day time period but should indicate that errors should be brought to the GDC's attention "immediately".

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<sup>1</sup> The New Jersey GDCs are Elizabethtown Gas Company ("Elizabethtown"), New Jersey Natural Gas Company ("NJNG"), Public Service Electric & Gas Company ("PSE&G") and South Jersey Gas Company ("SJG").

2. Switching restrictions for C & I customers – Elizabethtown, NJNG and PSE&G have C&I customer switching restrictions in their tariffs which indicate that customers returning to Basic Gas Supply Service (“BGSS”) may be required to remain on BGSS for some period of time. Elizabethtown and NJNG indicate that the provision is triggered when the cost to serve returning customers would financially harm the existing BGSS ratepayers. PSE&G has a two billing cycle “window” during which customers returning to BGSS can choose another TPS, but otherwise requires the returning customer to remain on BGSS for one year. SJG has no C&I customer switching restriction. After some discussion, PSE&G indicated that it would be willing to follow the same process as Elizabethtown and NJNG. Specifically, it would indicate that returning customers “may” be required to remain on BGSS for one year if, in its determination, customers were gaming the system or causing excessive capacity costs to be incurred, to the detriment of others. This was acceptable to all parties.
3. C & I customer switching charges – In the Elizabethtown, NJNG and PSE&G tariffs there are circumstances under which charges are assessed when C&I customers switch suppliers. SJG does not have such provisions. The GDCs agreed to move these costs into its next base rate proceeding. PSE&G has a natural gas base rate case pending. The PSE&G switching charge will remain until the conclusion of that case. The Elizabethtown and NJNG switching charge provisions would remain in their tariffs until the conclusion of their next base rate proceeding. There is agreement on this recommendation.
4. Price-to-compare – Some TPSs argued that the price to compare is a “snapshot” of a customer’s gas rate, is not reflective of future gas rates and can be misleading to customers already with or considering offers from TPSs. Some parties believe that having the price to compare, while not perfect, is better than nothing. After considerable discussion, the parties agreed that the Board should initiate a process to revisit the policy aspects and implementation details associated with the “price-to-compare” and consider whether showing the price-to-compare on customer bills was still necessary for all customer classes; whether some alternative, such as website information, could serve the same purpose; whether for PSE&G, consistency with its electric procedures is necessary; and how the price-to-compare should be calculated and presented.

A summary of the recommendations was circulated by Staff on January 23 and again on January 27, 2006. No comments or objections were received.

The Board understands that as situations change and as experience with retail competition grows, some conventions, previously approved by the Board, need to be revisited. Each of the four recommendations above is a compromise that the GDCs, TPSs and other industry participants find acceptable. The Board also FINDS the four recommendations outlined above to be reasonable. Specifically, and only as they apply to the natural gas industry, the Board APPROVES:


1. Modifications to the C&I confirmation letter such that the current reference to a 14 day time period should be eliminated and instead should indicate that errors should be brought to the GDC’s attention “immediately”.
2. The C&I customer switching restrictions in the Elizabethtown, NJNG and PSE&G tariffs, as modified above, with the understanding that the switching restrictions would only be applied if it appeared that the customer(s) requesting the switch was gaming the system,

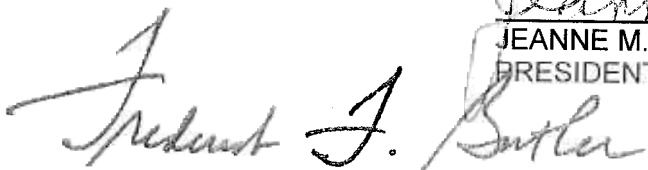
causing excessive capacity costs to be incurred, to the detriment of others, or if the request would in some way harm other BGSS ratepayers. The Board recognizes that in making this recommendation the parties ascribe a certain amount of trust in the GDC's judgment. The Board recognizes that it is difficult to define every circumstance in which a customer leaving or returning to BGSS service could cause harm to other BGSS ratepayers. Therefore the Board is willing to accept the recommendation on this issue with the caveat that it will be quick to revisit this issue if it appears that the GDCs are not following the intent of this recommendation.


3. Charges in the Elizabethtown, NJNG and PSE&G tariffs applicable to C&I customers that switch suppliers until the conclusion of each GDC's next base rate proceeding. At that time, costs applicable to C&I customer switching should be considered in the rate case and individual switching charge provisions would be eliminated.
4. Creation of a working group to consider the price to compare issues outlined above. The Board notes that Staff has already invited industry participants to begin discussing this subject in an effort to develop recommendations for the Board. Staff should bring the price to compare issues back to the Board no later than July 19, 2006.

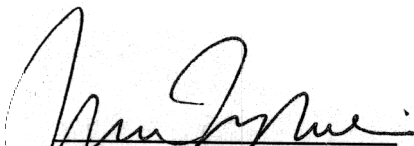
DATED: 4/27/06


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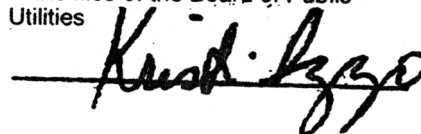
  
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I HEREBY CERTIFY that the within  
document is a true copy of the original  
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I/M/O Natural Gas Customer Enrollment Procedures  
Docket No. GX06010036  
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